

Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGRE-00 COME-00 AF-10

PA-01 PRS-01 USIA-06 CIAE-00 INR-07 NSAE-00

TRSE-00 ITC-01 STR-04 CEA-01 L-03 AID-05 /066 W

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R 152200Z APR 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1108

INFO AMEMBSSY LONDON

AMEMBSSY BOGOTA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 3029

EO 11652 NA

TAGS EPAP BR

SUBJECT: BRAZIL COFFEE STOCKS

1. THE IBC RECENTLY RELEASED TO THE PRESS COFFEE STOCK STATISTICS AND FORECASTS OF PRODUCTION AND EXPORTS FOR THE REMAINDER OF 1977. THE FOLLOWING IS A TRANSLATION OF PORTIONS OF AN ARTICLE WHICH APPEARED IN THE APRIL 10 ISSUE OF THE RIO DE JANEIRO DAILY "O GLOBO."

2. BEGIN TEXT: A SURVEY CONCLUDED BY IBC LAST WEEK, WHICH WAS RELEASED TO THIS NEWSPAPER BY A HIGH OFFICIAL SOURCE, INDICATES THAT TOTAL COFFEE STOCKS IN BRAZIL AT THE END OF THE FIRST HALF OF 1977 WILL BE 11.1 MILLION BAGS WHICH ADDED TO THE 14.8 MILLION BAGS TO BE HARVESTED FROM JULY TO SEPTEMBER MAKE THE TOTAL 25.9 MILLION BAGS.

3. THE SURVEY MADE BY IBC SHOWS A SIGNIFICANT DIFFERENCE FROM THE ESTIMATES SHOWED BY THE EXPORTERS AND COFFEE PRODUCERS SO FAR, AND GUARANTEES SUPPLIES TO THE DOMESTIC MARKET THROUGH LIMITED OFFICIAL USE

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1977 WITHOUT DIFFICULTIES AND ALSO COFFEE TO MEET EXPORT COMMITMENTS DURING THE SAME PERIOD.

4. THE DOCUMENT OBTAINED BY THIS NEWSPAPER IS WRITTEN ON IBC'S OFFICIAL STATIONARY AND SIGNED BY HIGH OFFICIALS. IT WAS ALSO OBTAINED BY A REPORTER OF THE WALL STREET JOURNAL, MARTIN EVERETT, WHO IS IN BRAZIL TO PREPARE SEVERAL REPORTS ABOUT THE

BRAZILIAN COFFEE SITUATION. THE DOCUMENT SHOWS THAT LAST FEBRUARY 28 THERE WERE 17.3 MILLION BAGS OF COFFEE IN BRAZIL, OF WHICH 11.1 MILLION BAGS WERE IN PRIVATE HANDS AND 6.2 MILLION IN IBC WAREHOUSES. THE SURVEY ESTIMATES COFFEE DEMAND DURING MARCH-JUNE AT 6.2 MILLION BAGS, OF WHICH 4.2 MILLION BAGS ARE FOR EXPORT AND 2 MILLION BAGS ARE FOR DOMESTIC CONSUMPTION. BY THE END OF JUNE TOTAL STOCKS WOULD BE 11.1 MILLION BAGS, 9.1 MILLION BAGS IN PRIVATE HANDS AND 2 MILLION IN THE IBC. IN THE FACE OF A CROP ESTIMATE OF 14.8 MILLION BAGS THERE WOULD BE 25.9 MILLION BAGS OF COFFEE AVAILABLE IN THE COUNTRY ON JULY 1. THIS IS A HYPOTHESIS, BUT NOT FAR FROM REALITY.

5. OF THE TOTAL ABOVE THE IBC EXPECTS 9.6 MILLION BAGS TO BE USED BY THE END OF THIS YEAR AS FOLLOWS: 6.5 MILLION BAGS FOR EXPORT SALES AND 3 MILLION BAGS FOR DOMESTIC CONSUMPTION. ON DEC. 31 THEN THERE WOULD BE 16.3 MILLION BAGS IN BRAZIL, 15.4 MILLION BAGS IN PRIVATE HANDS AND 900,000 BAGS IN IBC WAREHOUSES. END TEXT.

6. BEGIN LIMITED OFFICIAL USE COMMENT: SIMILAR COFFEE STOCK PRODUCTION AND EXPORT STATISTICS WERE PROVIDED TO CONGRESSMAN FRED RICHMOND BY IBC PRESIDENT CALAZANS DURING THEIR MEETING IN BRASILIA MARCH 17. THE JUNE 30, 1977 STOCK ESTIMATE 11.1 MILLION BAGS IS BASED ON THE ASSUMPTION THAT EXPORTS IN THE 4 MONTH PERIOD MARCH-JUNE 1977 WILL TOTAL ONLY 4.2 MILLION BAGS. ACTUAL EXPORTS IN MARCH WERE 1.5 MILLION BAGS ACCORDING TO IBC AND EXPORT REGISTRATIONS FOR SHIPMENT IN APRIL-JUNE ALREADY TOTAL ABOUT 3.6 MILLION BAGS. THIS WOULD INDICATE A JUNE 30, 1977 STOCK LEVEL OF 9-10 MILLION BAGS RATHER THAN THE 11.1 MILLION CONTAINED IN THE IBC RELEASE. LIMITED OFFICIAL USE

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7. THE 17.3 MILLION BAG STOCK LEVEL AS OF FEB. 28 IS IN LINE WITH EMBASSY CALCULATIONS AND IBC STOCK INFORMATION PROVIDED TO EMBASSY AND CONGENRIO OFFICERS IN THE LAST 6 MONTHS. STARTING FROM THIS FIGURE AND SUBTRACTING MARCH EXPORTS OF 1.5 MILLION BAGS AND 500,000 BAGS FOR MARCH INTERNAL CONSUMPTION WOULD LEAVE 15.3 MILLION BAGS AS OF MARCH 31, 1977. THIS IS THE DATE BRAZIL'S STOCKS WERE TO BE VERIFIED BY THE ICO.

8. THE EMBASSY WOULD APPRECIATE A SUMMARY OF THE MARCH 31 ICO STOCK VERIFICATION REPORT BY CABLE. ASSUMING THE ICO STOCK VERIFICATION IS IN LINE WITH THE IBC STOCK DATA, THIS INFORMATION WOULD ESTABLISH A CLEAR MARCH 31 BEGINNING STOCK LEVEL FROM WHICH FUTURE COFFEE SUPPLY AND DISTRIBUTION ANALYSIS CAN BE MADE. CRIMMINS

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
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Sent Date: 15-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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